

**BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
DECEMBER 31, 2021**

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA

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Jeanine J. Mays

— Certified Public Accountant —

INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Big Brothers Big Sisters of Northern Sierra

Opinion

I have audited the accompanying financial statements of the Big Brothers Big Sisters of Northern Sierra (a non-profit organization) , which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Northern Sierra as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Big Brothers Big Sisters of Northern Sierra and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amount and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Big Brothers Big Sisters of Northern Sierra's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Big Brothers Big Sisters of Northern Sierra's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.



Jeanine J. Mays
July 22, 2022

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA

Statement of Financial Position

For the Year Ended December 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 143,480	
Accounts receivable	80,960	
Prepaid expenses	19,461	

TOTAL CURRENT ASSETS \$ 243,901

PROPERTY, At Cost

Building	369,061	
Equipment	1,994	
Furniture and fixtures	3,180	

374,235

Accumulated depreciation	(2,968)	371,267
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OTHER ASSETS

Long term deposits		5,320
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TOTAL ASSETS \$ 620,488

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 7,867	
Employee benefits payable	30,763	
Sales tax payable	3,777	
Deferred Revenue	2,500	
Current portion of LTD	9,101	

TOTAL CURRENT LIABILITIES \$ 44,907

LONG TERM LIABILITIES

Building Loan	317,313	
Less Current Portion of LTD	(9,101)	

TOTAL LONG TERM LIABILITIES 317,313

TOTAL LIABILITIES 362,220

NET ASSETS

Without donor restrictions	248,268	
With donor restrictions	10,000	

TOTAL NET ASSETS 258,268

TOTAL LIABILITIES AND NET ASSETS \$ 620,488

See accompanying notes.

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA

Statement of Activity and Changes in Net Assets

For the Year Ended December 31, 2021

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Public Support			
Direct public support	\$ 200,742	\$ -	\$ 200,742
Non-cash donations	7,810		7,810
Government grants	135,171		135,171
Grants	56,500	10,000	66,500
SBA PPP Loan Forgiveness	94,800		94,800
Fund raising (net of expenses of \$69,521)	141,328		141,328
SUBTOTAL	<u>636,351</u>	<u>10,000</u>	<u>646,351</u>
Re-visions thrift shop support	214,552		214,552
Thrift shop direct costs	91,203		91,203
THRIFT STORE	<u>123,349</u>	<u>-</u>	<u>123,349</u>
TOTAL PUBLIC SUPPORT	<u>759,700</u>	<u>10,000</u>	<u>769,700</u>
Revenue			
Service income	108,180		108,180
Interest income	22		22
TOTAL REVENUE	<u>108,202</u>	<u>-</u>	<u>108,202</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>867,902</u>	<u>10,000</u>	<u>877,902</u>
EXPENSES			
Program services	577,898		577,898
Supporting services	88,661		88,661
Fund raising	121,640		121,640
TOTAL EXPENSES	<u>788,199</u>	<u>-</u>	<u>788,199</u>
CHANGE IN NET ASSETS	79,703	10,000	89,703
NET ASSETS			
Beginning of year	<u>168,565</u>	<u>-</u>	<u>168,565</u>
End of year	<u>\$ 248,268</u>	<u>\$ 10,000</u>	<u>\$ 258,268</u>

See accompanying notes.

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA

Statement of Functional Expenses

For the Year Ended December 31, 2021

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 317,373	\$ 69,115	\$ 94,166	\$ 480,654
Payroll taxes	24,140	5,800	7,204	37,144
Employee benefits	21,189	2,203	6,229	29,621
TOTAL SALARIES AND BENEFITS	362,702	77,118	107,599	547,419
Advertising and promotion	20,788		-	20,788
Bank service charge		260	879	1,139
National dues and subscriptions	22,701	114	3,280	26,095
Fundraising			2,933	2,933
Insurance	13,934	210	70	14,214
Interest expense	4,699	398	132	5,229
License and filing fees	816	75	20	911
Mentor appreciation	1,571			1,571
Outside services		270		270
Postage	1,431	259	18	1,708
Printing and reproduction	4,742			4,742
Professional fees-accounting	6,300			6,300
Professional fees-other	1,198	275	200	1,673
Rent	55,961	4,466	2,977	63,404
Repairs and maintenance	6,382	333	167	6,882
Supplies	37,676	1,144	339	39,159
Small equipment	4,572	538	45	5,155
Taxes-property	3,582	443	183	4,208
Technology	3,010	392	812	4,214
Telephone	5,448	708	350	6,506
Training and education	4,906	800	150	5,856
Travel	4,794	66	1,046	5,906
Utilities	7,977	596	376	8,949
TOTAL EXPENSE BEFORE DEPRECIATION	575,190	88,465	121,576	785,231
Depreciation	2,708	196	64	2,968
TOTAL EXPENSES	\$ 577,898	\$ 88,661	\$ 121,640	\$ 788,199

See accompanying notes.

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA

Statement of Cash Flows

For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Excess revenue over expenses	\$ 89,703
Adjustment to reconcile net income to net cash provided by operating activities	
Depreciation	2,968
Contributions restricted for long-term purpose	(10,000)
Change in accounts receivable	(17,417)
Change in prepaid expenses	(12,744)
Change in employee benefits payable	715
Change in sales tax payable	852
Change in accounts payable	4,574
Change in deferred revenue	(2,500)
	<u>56,151</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of building	(369,062)
Purchase of equipment	(1,994)
Purchase of furniture and fixtures	(3,170)
	<u>(374,226)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	
CASH FLOWS FROM FINANCING ACTIVITIES	
New loan building	317,313
Contributions restricted for long-term purpose	10,000
	<u>327,313</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	
NET CHANGE IN CASH	
CASH AT BEGINNING OF YEAR, January 1, 2021	<u>134,242</u>
CASH AT END OF YEAR, December 31, 2021	<u><u>\$ 143,480</u></u>

SUPPLEMENTAL INFORMATION

Interest paid	<u><u>\$ 5,229</u></u>
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See accompanying notes.

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA

Notes to Financial Statements

December 31, 2021

1.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information: Big Brothers Big Sisters of Northern Sierra is a non-profit organization serving El Dorado, Nevada and Placer Counties associated with the Big Brothers and Big Sisters of America Organization. The purpose is to organize mature and interested adults to create an interaction with youth and to become a positive influence in the development of the youth's life.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net asset are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions: Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-

Use of Estimates: The preparation of financial statements uses estimates rather than exact measures. The estimates commonly involve summarizations, judgments and allocations which are based on rules and conventions rather than exact amounts. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Functional Allocation of Expenses: The costs of providing the Organization's programs have been summarized on a functional basis in these financial statements. Based on estimates developed by management, costs have been allocated to the various programs as they relate to those programs and activities. Many of management and general costs are allocated to programs, administrative and fundraising accordingly.

Property and Equipment: The organization follows the practice of capitalizing all expenditures over \$2,500 for land, building, and equipment; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided on a straight line basis over the estimated useful lives of the assets.

Income Taxes: The Big Brothers Big Sisters of Northern Sierra was incorporated in California on September 14, 1977. The Organization is a non-profit pursuant to a determination letter from the Internal Revenue Service in 1979 and is exempt from Federal income tax under the provisions of Code Section 501(c)(3) relating to organizations operated exclusively for charitable purposes.

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA

Notes to Financial Statements

December 31, 2021

1.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Income tax continued: The Organization's returns are subject to examination by taxing authorities for three years for Federal and four years for State after they are filed and management believes that all of the positions would be sustained if examined.

Accounts Receivable: Accounts receivable are considered to be fully collectable. There is no allowance for doubtful accounts recorded on these financial statements. Contracts for services are billed monthly based on actual time spent. All are considered short term.

Cash Equivalents: For the purposes of the statement of cash flows, the Organization considers cash and unrestricted highly liquid investments with initial maturities of three months or less to be cash equivalents. Cash received with donor imposed restrictions that are expected to be fulfilled within the next year are also considered cash equivalents.

Deferred Revenue: Deferred revenue represents amounts collected for grants which will apply to the following fiscal year. These amounts are recognized as revenues in the fiscal year in which the fees or grants relate to.

Advertising Costs: Advertising costs are expensed when incurred.

Fair Value Measurement: The Organization is required to measure its financial statement elements at Fair Value. Valuations techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs-	quoted prices in active markets for identical assets
Level 2 inputs-	quoted prices in active or inactive markets for the same or similar assets.
Level 3 inputs-	estimates using best information available when there is little or not market.

The Organization is required to measure certain statement elements at fair value in accordance with generally accepted accounting principles. Those include cash equivalents, investments, receivables, accounts payable, accrued expense and notes payable. Management believes that the carrying values of those elements are not materially different from estimates of the corresponding fair values.

2.) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following:

	<u>Amount</u>	<u>Interest</u>
Wells Fargo Checking	\$ 14,624	0.00%
Wells Fargo Savings	38,166	0.03%
ReVisions checking	645	0.00%
West America Checking	6,280	0.00%
West America Savings	30,670	0.00%
Tri Counties Bank	8,013	0.00%
Tri Counties Bank checking	44,900	0.00%
Petty cash	182	0.00%
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CASH AND CASH EQUIVALENTS	<u>\$ 143,480</u>	

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA

Notes to Financial Statements

December 31, 2021

3.) LIQUIDITY AND AVAILABILITY

The following reflects the organization's financial assets as the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2021</u>
Financial assets at year-end	\$ 620,488
Less those unavailable for general expenditures within one year due to:	
Long term rent deposit	(5,320)
Property	(371,267)
Donor restricted for purchase of equipment	<u>(10,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 233,901</u></u>

As a part of the organization's liquidity management, it holds cash in liquid checking and savings accounts.

4.) FIXED ASSETS AND DEPRECIATION

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Building and land	\$ -	\$369,061	\$ -	\$ 369,061
Office equipment	16,726	1,994	16,726	1,994
Furniture and fixtures	<u>650</u>	<u>3,180</u>	<u>650</u>	<u>3,180</u>
TOTAL FIXED ASSETS	<u>\$ 17,376</u>	<u>\$ 374,235</u>	<u>\$ 17,376</u>	<u>\$ 374,235</u>
Accumulated depreciation	<u>\$ 17,376</u>	<u>\$ 2,968</u>	<u>\$ 17,376</u>	<u>\$ 2,968</u>

5.) ACCRUED EMPLOYEE BENEFITS

Vacation benefits up to two yearly accruals are paid to the employee when they are separated from service. Accumulated unpaid employee vacation benefits are recognized as a liability.

Sick leave pay does not vest and is not accrued. Therefore, sick leave benefits are recorded as expenditures in the period that sick leave is taken.

6.) DONATIONS

Donated Materials: Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. All contributions are considered to be unrestricted unless specifically restricted by the donor. Donated materials for special events are booked as special event income on the financial statements.

Donated Services: No amounts have been reflected in the statements for volunteer services in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fund-raising campaigns.

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA

Notes to Financial Statements

December 31, 2021

7.) LEASE EXPENSE

The Organization signed a 60 month lease agreement at a new location on April 2017 and ending April 1, 2022. This agreement is for five years with rents increasing each year. This lease is completed in 2022 and the organization purchased a building.

The Organization entered into a lease for the location of the retail operation called ReVisions. This is a two year lease ending November 30, 2022. Cams are included in total.

The Organization leased a copier for \$231 per month for 63 months beginning Aug 1, 2018. The leasing company provided a cash incentive which is amortized over 30 months.

The future payments over the next five years are as follows:

	<u>Facilities</u>	<u>Copier</u>	<u>ReVisions Lease</u>	<u>Memo Total</u>
2022	\$ 15,378	\$ 2,541	\$ 55,057	\$ 72,976
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
Balance	-	-	-	-
TOTAL	<u>\$ 15,378</u>	<u>\$ 2,541</u>	<u>\$ 55,057</u>	<u>\$ 72,976</u>

Rent expense for the year ended December 31, 2021 was \$63,404 and the equipment lease expense was \$2,772. The retail operation rent totaled to \$60,295.

The organization also rents a location in Grass Valley on a month to month basis. The rents charged are \$330 per year.

8.) FEDERAL FINANCIAL ASSISTANCE

The Organization was awarded two grants as subgrantee passed through Big Brothers Big Sisters of America from the Department of Justice. One is Office of Juvenile Justice and Delinquency Prevention for Mentoring Youth Opportunities and the other is for Mentoring Youth Impacted by Opioids.

The grant is recognized as the required services are performed, and expenses are recognized as incurred. Grant activity for the year are as follows:

	<u>Amount</u>
OJJDP Mentoring Youth Opportunities	\$ 97,986
OJJDP Mentoring Youth impacted by Opioids	<u>37,185</u>
Grant receipts and receivable	135,171
Grant expenditures	<u>(135,171)</u>
Excess funds at year end	<u>\$ -</u>

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA

Notes to Financial Statements

December 31, 2021

9.) LONG TERM DEBT

The Organization entered into a contract for the purchase of property to be a permanent location for the Organization. The loan is for \$320,000 at the interest rate of 5% payable at \$2,000.90 per month beginning September 1, 2021. It is amortized over thirty years but all due and payable in 5 years. The future payments for the next 5 years of principal is as follows:

	<u>Amount</u>
2022	\$ 9,100
Extra payment made	50,000
2023	11,358
2024	11,939
2025	12,550
2025	9,832
Balance	<u>212,534</u>
TOTAL	<u><u>\$317,313</u></u>

10.) REVENUE CONCENTRATION

The organization operates in El Dorado, Nevada and Placer Counties in California. The support and revenues received are from contracts, donations, fund raising and grants generally from within the state of California.

11.) THRIFT STORE REVENUE

Household goods are donated by the community to the organization for sale in its thrift store. It is impractical to value the donations at the time of receipt. These in-kind goods are sold through the thrift store during the year and have been recognized as revenue at the point of sale. This revenue is not subject to the unrelated business income tax as substantially all of the merchandise is received as a gift or contribution.

12.) CONTINGENT LIABILITY

The Organization has received funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under the terms of the grants, it is believed that any required reimbursements would not be material.

The Organization has a business line of credit for \$16,200. At year end \$0 of the line of credit was used.

13.) CHANGE IN ACCOUNTING PRINCIPLES

The FASB issue ASU No. 2016-02 on Leases. An entity will be required to recognize assets and liabilities for the right and obligations created by leases on the statement of position for both finance and operating leases. The effective date is for fiscal years beginning after December 15, 2021 using a modified retrospective transition. The organization is currently evaluating the impact of the new guidance on the financial statements with implementation planned for 2022.

BIG BROTHERS BIG SISTERS OF NORTHERN SIERRA

Notes to Financial Statements

December 31, 2021

14.) SUBSEQUENT EVENTS

On March 11, 2020 the World Health Organization declared the outbreak of the Covid-19 a pandemic. As a result, economic uncertainties have arisen. Continued financial impact could occur though such potential impact is unknown at this time.

The Organization received a Payroll Protection loan (PPP loan) of \$94,800 to assist in the financial impact and keeping the employees working on the services provided by the organization. Forgiveness was applied for and accepted by the Small Business Administration.

The management of the Organization has reviewed the results of operations for the period of time from its year end December 31, 2021 through July 22, 2022, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amount reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.